

FOR IMMEDIATE RELEASE – May 13, 2010

GALLEON ANNOUNCES STRONG Q1 2010 FINANCIAL AND OPERATIONS RESULTS

CALGARY, ALBERTA – Galleon Energy Inc. (TSX: GO) ("**Galleon**" or the "**Corporation**") is pleased to announce first quarter 2010 financial and operational results.

On March 11, 2010, Galleon announced that its board of directors initiated a process to identify and consider strategic alternatives with a view to enhancing shareholder value. Strategic alternatives may include, but are not limited to, sale of the corporation, merger or other business combination, a sale of a material portion of Galleon's assets, farmin or farmout or acquisition, among other alternatives.

Galleon is reviewing certain alternatives at this time. Galleon does not intend to disclose developments with respect to the strategic review process until the board of directors have approved a definitive transaction or strategic option, unless otherwise determined or required by law. There are no guarantees that the process will result in a transaction or, if a transaction is entered into, as to its terms or timing.

Over the past two years, Galleon has transitioned its asset base to long term resource plays. Galleon has recorded low cost reserve additions and improved capital efficiencies per producing barrel. The resource plays include Kakut Doig light oil, Eastern Montney liquids rich natural gas, Alexis oil and Sawn Lake light oil projects.

FIRST QUARTER 2010 HIGHLIGHTS

- First quarter funds from operations of \$31.7 million (\$0.37 per basic share) were generated representing a 21% increase over the first quarter of 2009.
- Earnings of \$12.5 million were recorded in first quarter 2010 compared to a loss of \$5.1 million in first quarter 2009.
- Average operating expenses of \$8.88/BOE were recorded in first quarter 2010, a decrease of 17% from first quarter 2009.
- Drilled 24 wells and cased 22 wells for a success rate of 91%: 4 (3.6 net) Doig horizontal light oil wells, 1 (1.0 net) Puskwa light oil well, 1 (0.5 net) Slave Point horizontal light oil well, 1 (1.0 net) Montney horizontal light oil well, 5 (4.4 net) Devonian vertical oil wells, 2 (2.0 net) Central Montney gas wells, 2 (2.0 net) North Peace River arch multi zone gas wells and 6 (5.9 net) Eastern Montney gas wells. Two wells were abandoned.
- First quarter 2010 production averaged 15,631 BOE/d. Q1 2010 average production has increased by 943 BOE/d or 6% from Q4 2009.
- Current production is 16,500 BOE/d based on field report estimates. In addition, approximately 600 BOE/d of tested production is behind pipe and is expected to be placed on production within the next 3 months.

FINANCIAL AND OPERATING HIGHLIGHTS

Three months ended March 31

(\$000s except per share and per unit amounts)

	2010	2009
Financial		
Revenue before royalties and financial derivatives	62,284	56,987
Funds flow from operations ¹	31,680	26,150
Per share – basic	0.37	0.35
Per share - diluted	0.37	0.35
Net income (loss)	12,491	(5,091)
Per share – basic	0.15	(0.07)
Per share - diluted	0.15	(0.07)
Capital expenditures – exploration & development	56,366	30,391
Total assets	1,175,832	1,158,329
Net debt ²	252,214	284,001
Shareholders' equity	722,482	686,170
Weighted average shares outstanding		
Basic	85,098,939	75,231,828
Diluted	85,098,939	75,231,828
Operating		
Average daily production		
Light oil (Bbl/d)	3,249	4,447
Heavy oil (Bbl/d)	1,161	1,227
NGLs (Bbl/d)	527	687
Natural gas (Mcf/d)	64,165	69,632
Total (BOE/d)	15,631	17,965
Average selling prices ³		
Light oil (\$/Bbl)	77.47	47.53
Heavy oil (\$/Bbl)	64.91	33.65
NGLs (\$/Bbl)	56.80	34.07
Natural gas (\$/Mcf)	5.22	5.13
Total (BOE/d)	44.28	35.24

¹ See "Non-GAAP Measurements"

² Net debt includes bank indebtedness, working capital and capital leases, but excludes financial derivatives

³ The average prices reported are before realized derivatives and transportation charges

OPERATIONS UPDATE

Kakut Doig

In Q1 2010, Galleon drilled 4 Doig horizontal light oil wells. Three of these wells were stimulated with multi-stage fractures and placed on production. The completion and testing of

the fourth well, a step out well, was postponed due to early spring breakup conditions. It is anticipated that the completion will occur in Q2 2010. Based on the strip log, the results of this step out well are encouraging and have led to an extension of the proven fairway 8 miles to the north. To date, Galleon has drilled 10 successful Doig horizontal light oil wells.

The Doig play is a regional light oil play which has been defined by vertical well control. The Doig play is analogous to the Bakken play. Both plays are very fine grained dolomitic shoreface sandstones with average thickness of approximately 7 meters and depths of approximately 1,550 meters. A detailed review of the core for both sandstones was completed. The Bakken has a mean permeability of 1.9 mD and porosity of 10.3%. The Doig has a mean permeability of 32 mD and porosity of 8.6%. The Doig has better permeability which should translate to higher deliverability.

The Doig horizontal light oil drilling program has been very successful and has tested a fairway of approximately 15 miles long. More than 44 vertical wells within this fairway provide a clear picture of the pool and confirm that the play can be extended to the north and to the south. With the drilling of 10 horizontal wells to date in the project, the optimal length and fracture density for the play has been refined. Early horizontal wells were drilled with a shorter (400 meter) lateral to test the concept and to delineate the pool. More recent wells have focused on optimizing deliverability. Success has been achieved using 1,200 meter laterals with 11 to 12 stages of 3 to 5 tonne fractures. The 1 month initial production rates have increased from average rates of approximately 60 BOE/d for the 400 meter laterals to approximately 400 BOE/d for the 1,200 meter laterals.

Galleon's most recently completed Doig horizontal wells are located at 100/16-06-75-03W6M and 100/04-28-74-03W6M. Both of these wells have laterals of 1,200 meters. The 16-06 well was completed with 9 stages of 3 tonne fractures. The 4-28 well was completed with 12 stages of 5 tonne fractures. The 16-06 well has been on stream since February 2010 and has been flowing at over 400 BOE/d during the first 2 months of production. The 4-28 well has been on production since mid-March 2010. Production from the 4-28 well has averaged 372 BOE/d during the first month. On April 12, 2010, the 4-28 well flowed back some debris that included some fragments of the fracture balls. As a result, production increased and the well has been flowing at approximately 650 BOE/d on average since then. These two horizontal wells are producing at high pressures and are effectively backing out some of the wells which have shorter laterals. An average cost of a well of this length is \$1.7 million completed.

Current production from the 7 Doig wells which have been tied-in is approximately 1,400 BOE/d in aggregate based on field estimates. The capacity of the facility is being expanded to over triple the current capacity and is scheduled to be completed prior to the end of Q3 2010 at a cost of \$4.5 million.

Based on 4 wells per section, approximately 200 potential horizontal drilling locations have been identified on 53 sections (average interest of 83%) of Galleon owned land. Up to 30 horizontal wells are planned in 2010. During Q1 2010, Galleon purchased an additional 9 sections of land (100% interest) of which 6 sections are prospective for Doig light oil.

Eastern Montney

Six Eastern Montney horizontal multi-fractured wells were drilled in Q1 2010. Five of these wells have been placed on production with the 1 month initial production being approximately 177 BOE/d on average for each well.

The Eastern Montney project continues to provide consistent and economically strong drilling results. The low cost structure (\$1.3 million on average to drill, complete and tie-in each well) and liquids content of the gas (on average 17 barrels per 1 million cubic feet) have allowed the project to be economic within the current low gas price environment.

Galleon's continued success in the horizontal drilling program in the Eastern Montney liquids rich natural gas fairway has resulted in record production volumes. Current production is approximately 4,700 BOE/d based on field report estimates. Incremental production of approximately 2 Mmcf/d was added in mid-December 2009 as a result of the field compression being added at 15-16-77-21W5M. Two more booster compressors are planned to be added in the area to optimize the field and recover backed out volumes. Up to 25 horizontal wells are planned in 2010.

Galleon has drilled 45 horizontal wells and 83 vertical wells in this project. Data from these wells plus over 350 additional vertical well control points have provided a clear picture of the resource. A development fairway extending 30 miles long and 10 miles wide has been mapped and tested. Galleon owns 236 sections within this mapped area and has identified 363 horizontal drilling locations based on spacing of 4 wells per section.

Puskwa

Puskwa continues to be a solid core project for Galleon. The project has moved into the development phase. Current production is approximately 1,700 BOE/d based on field report estimates.

At Puskwa, the Beaverhill Lake sand has been drilled over a 9 mile fairway. Two enhanced recovery schemes are currently in place and have demonstrated definitive pressure support. Optimization of these schemes will facilitate low risk production additions. Galleon has plans to convert up to three additional wells to water injection in 2010. This will increase the amount of injected water, which is expected to further improve waterflood efficiency, and ultimate oil recovery.

Incremental oil volumes will be captured by infill and development drilling. In Q1 2010, Galleon drilled a Beaverhill Lake oil infill location at 5-11-72-26W5M. The 5-11 well was drilled ¼ mile from the 12-11-72-26W5M well which has produced to date approximately 325,000 barrels of oil. The 5-11 well has been on production since late February at an average rate of 350 BOE/d. Galleon currently has 6 sections that have spacing approval for 8 wells per section. Over 40 Beaverhill Lake oil development and infill locations have been identified on 3D seismic. Galleon intends to drill up to 5 Beaverhill Lake wells at Puskwa in 2010.

Sawn Lake

In Q1 2010, Galleon has advanced its emerging Slave Point light oil resource play at Sawn Lake. A well reentry (50% interest) was done and a 600 meter horizontal lateral was drilled. Seven 30 tonne fractures were performed along the length of the lateral. An early breakup forced testing to be cut short but initial test results were encouraging.

The annual review of its credit facilities with the banking syndicate is in progress. Galleon expects to renew these credit facilities in the second quarter of 2010.

Results of Operations

Three months ended March 31	2010		2009	
(\$000s)	1,406,752 BOE		1,616,979 BOE	
	\$/BOE		\$/BOE	
Revenues	62,284	44.28	56,987	35.24
Realized gain on financial derivatives	1,435	1.02	4,337	2.68
Other income	-	-	672	0.42
Royalties	(15,281)	(10.86)	(15,577)	(9.63)
GCA ¹	4,599	3.27	5,225	3.23
Transportation costs	(2,189)	(1.56)	(2,342)	(1.45)
Operating costs	(12,487)	(8.88)	(17,297)	(10.70)
Net	38,361	27.27	32,005	19.79
G&A	(3,568)	(2.54)	(4,201)	(2.60)
Interest costs	(3,014)	(2.14)	(1,585)	(0.98)
Capital and other taxes	(99)	(0.07)	(69)	(0.04)
Funds from operations²	31,680	22.52	26,150	16.17

¹ GCA means Gas Cost Allowance

² See "Non-GAAP Measurements"

Petroleum and Natural Gas Revenues

Three months ended March 31	2010		2009	
(\$000s)	%		%	
Light oil	22,564	36	18,940	33
Heavy oil	6,784	11	3,712	7
NGLs	2,693	4	2,105	4
Natural gas	30,088	49	32,007	56
Royalty income	155	-	223	-
Total	62,284	100	56,987	100

Production

Three months ended March 31	2010		2009	
	BOE/d	%	BOE/d	%
Light oil (Bbls/d)	3,249	21	4,447	25
Heavy oil (Bbls/d)	1,161	7	1,227	6
NGLs (Bbls/d)	527	3	687	4

Natural gas (Mcf/d)	64,165	69	69,632	65
BOE/d (6:1)	15,631	100	17,965	100

Prices – prior to realized gains or losses on financial contracts and prior to transportation

Three months ended March 31	2010		2009	
Light oil (\$/Bbl)		77.47		47.53
Heavy oil (\$/Bbl)		64.91		33.65
Natural gas (\$/Mcf)		5.22		5.13
NGLs (\$/Bbl)		56.80		34.07

Crude Oil Prices

Three months ended March 31	2010		2009	
	\$	\$/Bbl	\$	\$/Bbl
Crude oil	29,437	74.17	22,740	44.53
Realized financial contracts	(180)	(0.45)	217	0.42
Transportation	(392)	(0.99)	(557)	(1.09)
Net crude oil	28,865	72.73	22,400	43.86

Natural Gas Prices

Three months ended March 31	2010		2009	
	\$	\$/Mcf	\$	\$/Mcf
Natural gas	30,154	5.22	32,142	5.13
Realized financial contracts	1,775	0.31	4,120	0.66
Transportation	(1,797)	(0.31)	(1,785)	(0.28)
Net natural gas	30,132	5.22	34,477	5.51

Capital Expenditures

	(\$000s)	
Property & equipment balance at December 31, 2009		1,041,140
Additions to property and equipment		38,875
Disposition of property and equipment		(525)
Acquisitions of property and equipment		17,491
Asset retirement obligation additions		836
Asset retirement obligation change in estimate		(920)
Depletion, depreciation and other		(30,733)
Property & equipment balance at March 31, 2010		1,066,164

Three months ended March 31	2010		2009	
	\$	%	\$	%
(\$000s)				
Land	2,697	7	778	3
Geological and geophysical	282	-	1,055	3
Drilling and completion	29,760	77	21,545	71
Plant and facilities	6,105	16	6,969	23
Other assets	31	-	44	-
Exploration and development expenditures	38,875	100	30,391	100

GALLEON ENERGY INC.
Consolidated Balance Sheets

As at

March 31,
2010

December 31,
2009

(\$000s) (unaudited)

ASSETS

CURRENT

Accounts receivable	42,468	41,270
Deposits and prepaid expenses	6,575	6,190
Future income taxes	-	2,884
Fair value of financial derivatives	18,447	4,241
	<u>67,490</u>	<u>54,585</u>

Goodwill	34,891	34,891
Equipment inventory	7,287	6,116
Property and equipment	1,066,164	1,041,140
	<u>1,175,832</u>	<u>1,136,732</u>

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	70,364	55,531
Capital leases	1,342	1,545
Bank loan	229,551	217,243
Fair value of financial derivatives	9,465	13,789
	<u>310,722</u>	<u>288,108</u>

Asset retirement obligation	41,894	41,499
Future income taxes	100,734	94,262
	<u>453,350</u>	<u>423,869</u>

SHAREHOLDERS' EQUITY

Share capital	595,162	599,334
Contributed surplus	30,184	28,884
Retained earnings	97,136	84,645
	<u>722,482</u>	<u>712,863</u>
	<u>1,175,832</u>	<u>1,136,732</u>

GALLEON ENERGY INC
Consolidated Statements of Earnings (Loss),
Comprehensive Income (Loss) and Retained Earnings
Three months ended March 31

(\$000s, except per share amounts) (unaudited)	2010	2009
REVENUE		
Petroleum and natural gas revenue	62,284	56,987
Royalties, net of GCA	(10,682)	(10,352)
Realized gain on financial derivatives	1,435	4,337
Unrealized gain on financial derivatives	18,529	4,691
Other income	-	672
	<u>71,566</u>	<u>56,335</u>
EXPENSES		
Operating	12,487	17,297
Transportation	2,189	2,342
General and administration	3,568	4,201
Interest	3,014	1,585
Stock-based compensation	1,378	1,279
Accretion	714	659
Depletion and depreciation	30,731	35,530
	<u>54,081</u>	<u>62,893</u>
Earnings (loss) before taxes	17,485	(6,558)
Income taxes		
Capital and other taxes	99	69
Future income taxes (recovery)	4,895	(1,536)
	<u>4,994</u>	<u>(1,467)</u>
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)	<u>12,491</u>	<u>(5,091)</u>
RETAINED EARNINGS, BEGINNING OF PERIOD	<u>84,645</u>	<u>119,217</u>
RETAINED EARNINGS, END OF PERIOD	<u>97,136</u>	<u>114,126</u>
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE		
Basic	\$0.15	\$(0.07)
Diluted	\$0.15	\$(0.07)
Weighted average Class A shares – basic	85,098,939	71,105,806
– diluted	85,098,939	72,128,065

GALLEON ENERGY INC.
Consolidated Statements of Cash Flows
Three months ended March 31

(\$000s) (unaudited)	2010	2009
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net earnings (loss)	12,491	(5,091)
Items not requiring cash:		
Future income taxes (recovery)	4,895	(1,536)
Depletion and depreciation	30,731	35,530
Accretion	714	659
Stock-based compensation	1,378	1,279
Unrealized gain on financial derivatives	(18,529)	(4,691)
Abandonment costs	(235)	(296)
Change in non-cash working capital	1,555	9,608
	33,000	35,462
FINANCING ACTIVITIES		
Issue of common shares	212	458
Capital lease payments	(203)	(204)
Bank loan	12,308	14,604
	12,317	14,858
INVESTING ACTIVITIES		
Disposal of (additions to) equipment inventory	(1,171)	2,524
Additions to oil and gas properties	(38,875)	(30,391)
Acquisition of oil and gas properties	(16,966)	-
Change in non-cash working capital	11,695	(22,453)
	(45,317)	(50,320)
CHANGE IN CASH	-	-
CASH, BEGINNING OF PERIOD	-	-
CASH, END OF PERIOD	-	-
SUPPLEMENTARY INFORMATION		
Cash interest paid	3,474	1,798
Cash taxes paid	-	225

FOR FURTHER INFORMATION SEE www.galleonenergy.com OR CONTACT (403) 261-6012:

Steve Sugianto, President and Chief Executive Officer, Glenn R. Carley, Executive Chairman, Shivon Crabtree, Vice President and Chief Financial Officer.

Forward-Looking Statements and Advisories

Statements herein that are not historical facts may be considered forward looking statements including management's assessment of future plans and operations, growth expectations within the Corporation, expected initial production rates from certain new wells, timing of completion of wells and of production additions, expected size of various plays, construction or expansion of facilities and the timing thereof and expected costs and the effects thereof, drilling plans, planned conversion of wells to water injection wells and the effects thereof and the timing of the renewal of the Corporation's credit facilities. These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Corporation's objectives, goals or future plans are forward-looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, Galleon's actual results may differ materially from those expressed in, or implied by, the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Galleon believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Galleon can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Galleon operates; the timely receipt of any required regulatory approvals; the ability of Galleon to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which Galleon has an interest in to operate the field in a safe, efficient and effective manner; the ability of Galleon to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of Galleon to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Galleon operates; and the ability of Galleon to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors and assumptions is not exhaustive. Additional information on these and other factors that could effect Galleon's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), or at Galleon's website (www.galleonenergy.com). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Galleon does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

BOEs

Disclosure provided herein in respect of barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Non-GAAP Measurements

The news release contains terms commonly used in the oil and gas industry, such as funds from operations, funds from operations per share, and operating netback. These terms are not defined by GAAP and should not be considered an alternative to, or more meaningful than, cash provided by operating activities or net earnings as determined in accordance with Canadian GAAP as an indicator of Galleon's performance. Management believes that in addition to net earnings, funds from operations is a useful financial measurement which assists in demonstrating the Corporation's ability to fund capital expenditures necessary for future growth or to repay debt. Galleon's determination of funds from operations may not be comparable to that reported by other companies. All references to funds from operations throughout this report are based on cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. The Corporation calculates funds from operations per share by dividing funds from operations by the weighted average number of Class A shares outstanding.

Galleon uses the term net debt in this news release. This measure does not have any standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by other companies.